



Sportscover Legal Expenses Claims Examples

Section A – Commercial Contract Disputes

Contract Dispute - with a customer

The insured provided goods to a new customer. The usual quality standards were in place and the goods delivered on time. However the invoices remained unpaid by the due date. Upon chasing, the customer refused to pay due to poor workmanship of the goods. The insured informed the customer that the goods were of a good standard and must be paid for or legal action would follow.

The insured was covered by the Legal Expenses Insurance for the AUD17,000 of legal costs incurred in pursuing the customer and enforcing the contract in Court.

Contract Dispute - with a supplier

The insured agreed with a supplier to buy twelve months' worth of goods at a fixed price delivered in 12 instalments and to be paid in 12 instalments of AUD10,000 each. Part-way through the contract the supplier terminated the contract and ceased to supply the goods. The insured was forced to seek a replacement supplier who charged AUD15,000 per monthly instalment. The insured sued the original supplier for breach of contract and sought damages of AUD40,000, being the additional cost resulting from the breach.

The insured was covered by the Legal Expenses Insurance for the \$24,000 of legal costs incurred in pursuing the original supplier and obtaining an out of court settlement.

Section B – Criminal Prosecution

Criminal Prosecution

The insured was summoned to an interview by the police because one of the insured's employees sold alcohol to an underage person. The insured was charged and the case proceeded to Court. The insured's lawyer argued the adequacy of the shop's policies on refusing sales to minors and the regular training given to staff.

The insured was acquitted. The insured was covered by the Legal Expenses Insurance for his \$12,000 legal costs.

Criminal Prosecution – Interview under Caution - Alleged Abuse

The insured's employee was summoned to an interview by the police because they were alleged to have been in a relationship with an underage member at the insured's hockey club. The insured's employee was invited to a video recorded interview. The insured's lawyer successfully argued the relationship was consensual, not in anyway coercive and instead did in fact involve mutual feelings. The accused's partner, 4 years his junior at age 15, also testified that no sexual interaction had taken place between the parties. The accused was not in a position of trust and did not have undue influence on younger partner. The insured's employee was covered by the Legal Expenses Insurance for their costs incurred in the preparation and representation at the interview, following which the police released him without charge.

Criminal Prosecution – Prosecution - Alleged Abuse

The insured's coach was charged following allegations of voyeurism by a parent of one of his junior players parents. Following the complaint, CCTV from the clubhouse was reviewed and showed that the accused had entered the boys changing rooms ahead of a local rugby tournament, albeit it briefly but holding a smartphone. Following the initial interview, police were not convinced by the inconsistency in the evidence presented by the accused coach as to the reasons he entered the room in possession of the smartphone and therefore referred the case for prosecution. As part of the defence at trial, lawyers for the accused were able to provide character witness statements from the other team members and their parents, who were keen to support the long serving coach. The allegations were completely out of character and the accused had never been subject to an allegation of such nature previously.

The accused was ultimately acquitted at trial, with significant costs incurred and recovered from the Legal Expenses Insurance.

Section C – Employment Disputes

Employment Dispute

The insured had an employee who when he first joined the company had been a good worker. After a few years he started to let his standards drop and was not doing his job properly. The insured could not tolerate this poor work so took advice from the Legal Line about what they should do. The employee was given a warning and told to improve within the next 4 weeks or face a disciplinary hearing. The employee reacted positively to the process, improved their time keeping and standard of work.

The insured retained a good member of staff without having to go through the process of a dismissal and the costs of recruitment and retraining.

This also avoided hassle, wasted management time and legal costs being incurred. However if the employee had not responded following the process and required dismissal, the legal costs arising from any challenge to the validity of this would have been covered by the Legal Expenses Insurance.

Section D – Discrimination Protection

Discrimination Dispute

The insured was requested to allow a same-sex couple's wedding reception to be held at their clubhouse. However the insured was affiliated to a church, whose teachings extol the sanctity of marriage as being between a man and a woman. As such, service for the hire of the clubhouse was refused.

Following the refusal, the couple took action against the club for infringement of their rights under discrimination. The policy was called upon to indemnify the insured for their legal costs to defend their position.

Section E – Property Disputes

Property Dispute - as a landlord

The insured owned a terrace of shops which it let to various tenants. One tenant used their unit as a show room and office. At the end of the lease, the tenant did not renew the lease and left for alternative premises. The terms of the lease required the property to be put back in the same condition as at the date the tenancy commenced. The tenant merely left, leaving the unit unfit for any other tenant. The insured sued for the dilapidations.

The matter was eventually resolved at a Court hearing, but not before the insured had incurred \$27,000 of legal costs which were covered by the Legal Expenses Insurance.

Property Dispute - with a landlord

The insured leased the whole top floor of a large complex of offices. The roof leaked, preventing the insured from using their office and damaging their equipment.

The insured asked the landlord to fix the roof. The landlord claimed it was the tenant's responsibility to repair. The insured sued the landlord. In Court the Judge found the roof was the responsibility of the landlord and he ordered them to pay the insured damages to compensate for their losses.

The insured's legal costs of \$13,000 were covered by the Legal Expenses Insurance, some of which was recovered from the landlord.

Section F – Data Protection

Data Protection

The insured operated a medical centre. One of the insured's employees had a laptop containing 3,000 patient's personal data stolen from his home. The data included names, dates of birth, postcodes, and medical history. The Personal Data Protection Commission considered imposing a financial penalty on the insured. The insured through their lawyer explained the robust procedures they had for controlling the data including the encryption of the laptop.

The PDPC eventually decided not to impose the penalty. The insured was covered by the Legal Expenses Insurance for their legal costs of \$8,500.

Exclusions to Section F

Statutory Licence

The insured owns a nightclub. Following a number of complaints about noise and occasional violence outside the club at weekends the police investigated and chose to remove the insured's liquor licence. The insured appealed the decision setting out their excellent record and number of years trading with no incidents. On appeal, the police reinstated the insured's licence and they continued trading.

The insured's legal costs of \$17,000 were covered by the Legal Expenses Insurance.

Employee's breach of restrictive covenant

The insured owned a printing business, producing and delivering flyers for a number of real estate agents. The sales manager handed in their notice and went to work for a rival business.

Within a month all of the insured's major customers were approached by the ex-sales manager offering to supply the same or similar services. The insured sued the former sales manager for breach of the non-solicitation clause in the ex-employees employment contract. Following contact from the insured's lawyers, the former employee eventually agreed not to approach those customers for a period of 1 year.

The insured had his legal costs of \$3,000 covered by the Legal Expenses Insurance.